

Message Text

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ACTION COME-00

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RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9717

UNCLAS FINAL SECTION OF 3 TOKYO 1488/3

C. OBJECTIVE III: INCREASE INFORMATION ON THE JAPANESE MARKET.

1. THE EMBASSY HAS A REGULAR PROGRAM FOR REPORTING ON MARKET CONDITIONS IN GENERAL, AS WELL AS A SPECIAL PROGRAM OF MINI-MARKET SURVEYS ON OPPORTUNITIES IN SPECIFIC PROODUCT LINES. THESE WILL CONTINUE. HOWEVER, DURING THE COMING YEAR,THE EFFECTS OF THE ENERGY CRISIS, THE PROBLEM OF INFLATION, AND THE PERIODIC ADJUSTMENTS OF EXCHANGE RATES, INTRODUCE AN UNUSUAL AMOUNT OF UNCERTAINTY INTO MARKET PROJECTIONS. CHANGES IN PRICES ON SOME GOODS DUE TO ENERGY AND RAW MATERIAL SHORTAGES, CHANGES IN DEMAND DUE TO RELATIVE RISES IN PRICES OF JAPANESE AND U.S. GOODS DUE TO BOTH INFLATION AND EXCHANGE RATE FACTORS, CLEARLY WILL ALTER THE MARKET POTENTIAL FOR SPECIFIC PRODUCT LINES.

2. WITH THIS NUMBER OF VARIABLES, IT WILL BE NECESSARY TO CONSTANTLY MONITOR AND REPORT ON CONDITIONS TO A MUCH GREATER DEGREE THAN HAS BEEN DONE IN THE PAST. FOR THIS REASON, TEH REPORTING FUNCTION WHICH IN ORDINARY TIMES WOULD BE A REGULAR FEATURE OF COMMERCIAL ACTIVITIES OF THE EMBASS, NOW TAKES ON ADDED IMPORTANCE AND WILL REQUIRE A GREATER UNCLASSIFIED

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AMOUNT OF OUR RESOURCES. IT IS THEREFORE, INCLUDED AS A SEPARATE OBJECTIVE. ACTION: TO MAKE THE MOST EFFICIENT USE OF LIMITED RESOURCES, THE EMBASSY WILL STRENGTHEN ITS ALERT REPORTING SYSTEM TO PERMIT REPORTING AS INORMATION

SURFACES QUICKLY AND FREQUENTLY. GENERAL MACRO-ECONOMIC REPORTING WILL CONTINUE AS NEEDED, AND THE PROGRAM OF MINI-SURVEYS ON THE MARKET FOR SPECIFIC PRODUCTS WILL ALSO CONTINUE. REPORTING ON SECTOR DEVELOPMENTS, HOWEVER, ARE EXPECTED TO INCREASE CONSIDERABLY. THIS WILL BE NECESSARY AS DIFFERENT INDUSTRIES WILL BE AFFECTED TO DIFFERENT DEGREES, AND THE RESULT WILL BE IMPORTANT NOT ONLY IN PURELY ECONOMIC TERMS BUT IN THE MARKET POTENTIAL EACH INDUSTRY REPRESENTS FOR U.S. PRODUCTS.

D. OBJECTIVE IV: ENCOURAGE INCREASED JAPANESE INVESTMENT IN THE UNITED STATES.

1. FOLLOWING THE ENORMOUS MOVEMENT OF CAPITAL FROM JAPAN FOR DIRECT INVESTMENT ABROAD IN 1973. SOME RESTRAINTS HAVE BEEN PLACED ON CAPITAL OUTFLOW. HOWEVER, BORROWING ABROAD IS NOW PERMITTED. THE NET RESULT SHOULD BE A CONTINUED INTEREST BY JAPANESE COMPANIES IN INVESTMENT IN THE U.S.

2. WHILE THE U.S. HAS WELCOMED ALL FOREIGN CAPITAL, WE BELIEVE THE PREFERENCE SHOULD BE FOR INVESTMENT BY FOREIGNERS IN EMPLOYMENT CREATING FACILITIES. THE GOJ EFFORTS NOW TO RESTRAIN CAPITAL OUTFLOW FROM JAPAN HOPEFULLY WILL TEND TO DAMPEN SPECULATIVE INVESTMENT AND ENCOURAGE JAPANESE FIRMS TO CONCENTRATE ON MORE PRODUCTIVE INVESTMENTS. ACTION: A CONSIDERABLE NUMBER OF STATE GOVERNMENT GROUPS ARE LIKELY TO VISIT JAPAN DURING THE YEAR, AND THE EMBASSY WILL RENDER SUPPORT. IN ADDITION, THE EMBASSY WILL SUBMIT TWO REPORTS DURING THE YEAR WITH UPDATE INFORMATION ON TRENDS IN JAPANESE OVERSEAS INVESTMENT AND SPECIFIC PROBLEM AREAS THAT DEVELOP IN THE FLOW OF JAPANESE INVESTMENT TO THE U.S.

E. OBJECTIVE V: ENCOURAGE INCREASED JAPANESE TOURISM IN THE UNITED STATES.

1. THE GOJ HAS IMPOSED SOME LIMITATIONS ON THE AMOUNT
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OF FOREIGN EXCHANGE JAPAN TOURISTS MAY BUY FOR SPENDING ABROAD. THE PER CAPITA 3,000 DOLLARS LIMIT (WHICH CAN BE SUPPLEMENTED ON APPLICATION TO THE BANK OF JAPAN) MAY TEND TO DAMPEN LAST YEAR'S SPECTACULAR GROWTH IN JAPANESE TOURISM ABROAD, GREATER EFFORTS BY THE USG TO ATTRACT JAPANESE TOURISTS COULD DO MUCH TO OFFSET THE RESTRAINTS. ACTION: THE ECONOMIC-COMMERCIAL SECTION OF THE EMBASSY WILL SUPPORT EFFORTS AT ENCOURAGING JAPANESE TOURISM IN THE U.S. THROUGH ITS "COMMERCIAL NEWSLETTER" AND THROUGH OTHER MEDIA, AND PROVIDE INFORMATION ON USG COMMERCIAL SERVICES AVAILABLE TO FOREIGN TRAVELLERS TO THE U.S. HOWEVER, EMBASSY'S EFFORTS WILL BE CHanneled THROUGH THE TOKYO OFFICE OF THE U.S. TRAVEL SERVICE. THESE WILL BE SPECIFIED IN THE COUNTRY MARKET

PLAN FOR JAPAN TO BE SUBMITTED BY THAT OFFICE.

VIII. EMBASSY RESOURCES FOR COMMERCIAL ACTIVITIES

A. REFTEL ALSO CALLS FOR "STATEMENT ON CURRENT AND PROPOSED FUNCTIONAL ALLOCATION OF RESOURCES DEVOTED TO COMMERCIAL ACTIVITIES". EMBASSY JNCLEAR EXACT INFORMATION REQUIRED AS IT NOW WORKING ON RESPONSE TO STATE 251796/1. LATTER IS NOT ALL INCLUSIVE IN COMMERCIAL SERVICES PROVIDED BY POST AND IS NOT ORIENTED TO SPECIFIC COMMERCIAL OBJECTIVES. ON OTHER HAND, MANY SEGMENTS OF U.S. MISSION PARTICIPATE IN VARYING DEGREES TO USG COMMERCIAL OBJECTIVES IN JAPAN.

B. ONE NOTABLE EXAMPLE IS OFFICE OF THE AGRICULTURAL ATTACHE. AGRICULTURE PRODUCTS ONE OF LARGEST SEGMENTS OF U.S. EXPORTS TO JAPAN, APPROXIMATELY 3 BILLION DOLLARS ESTIMATED IN FY-1974.

WITH TOTAL OFFICE AND AGRICULTURAL TRADE CENTER STAFF OF FIVE OFFICERS ONE SECRETARY AND ELEVEN FSL EMPLOYEES, AGATT CONDUCTS EXTENSIVE EXPORT PROMOTION CAMPAIGN THROUGH TRADE SHOWS AND OTHER PROMOTIONAL EVENTS, AND THROUGH PROGRAMS WITH APPROXIMATELY THIRTY COOPERATOR ORGANIZATIONS. AGRI ATTACHE ALSO MAINTAINS EXTENSIVE REPORTING SYSTEM ON AGRICULTURE AND MARKET STANDPOINT, PROVIDES SERVICE TO VISITING GROUPS AND INDIVIDUALS, AND MAKES REPRESENTATIONS TO THE GOJ AS NEEDED. WHILE ALL THIS DONE IN COORDINATION WITH OTHER INTERESTED SECTIONS U.S. MISSION AND UNDER SUPERVISION OF MIN/ECON/COMM, IT NONETHELESS, IN TERMS OF BUDGET, IS A SEPARATE EFFORT. QUESTION THEN IS TO WHAT UNCLASSIFIED

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DEGREE THESE RESOURCES SHOULD BE COUNTED AS "COMMERCIAL ACTIVITIES" IN SENSE USED IN REFTEL.

C. SIMILARLY, TOKYO OFFICE OF U.S. TRAVEL SERVICE WILL BE CARRYING MOST RESPONSIBILITY AND THEREFORE DEVOTED MOST ITS RESOURCES TO OBJECTIVE THE CONSULAR SECTION THROUGH GIVING INFORMATION

ON COMMERCIAL SERVICES TO VISA APPLICANTS, USIS IN A NUMBER OF WAYS, THE OFFICE OF THE SCIENCE ATTACHE, ETC., ALL TO SOME DEGREE EXPEND SOME RESOURCES ON COMMERCIAL ACTIVITIES.

D. THE ECONOMIC-COMMERCIAL SECTION OF THE EMBASSY, WHICH HAS MAIN RESPONSIBILITY FOR USG COMMERCIAL SERVICES IN TERMS OF MANPOWER, HAS TWELVE OFFICERS, FIVE U.S. SECRETARIES AND TOTAL 23 FSL EMPLOYEES. TRADE CENTER HAS TWO OFFICERS (AND ONE GS EMPLOYEE) WITH TEN FSL EMPLOYEES. BUDGET FOR TRADE CENTER IS SEPARATE HOWEVER, WHILE BUDGET FOR COMMERCIAL ACTIVITIES OTHER THAN MANPOWER CANNOT BE ISOLATED FROM EMBASSY'S GENERAL PROGRAM ALLOCATION.

E. EMBASSY HAS REQUESTED ADDITIONAL PERSONNEL FOR ECON-COMM SECTION (SEE TOKYO 8315, JULY 2, 1973) AND WHEN APPROVED WILL PROVIDE ADDITIONAL RESOURCES FOR COMMERCIAL ACTIVITIES.

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